

Electra Private Equity PLC

Annual General Meeting

26th February 2020



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- 1. Welcome – Neil Johnson, Chairman***
- 2. Overview – Gavin Manson, Chief Financial and Operating Officer***
- 3. Hotter Shoes – Ian Watson, Chief Executive, Hotter Shoes***
- 4. TGI Fridays – Robert Cook, Chief Executive, TGI Fridays***
- 5. AGM Resolutions – Neil Johnson, Chairman***

Composition of Net Asset Value

	Pro Forma NAV Sep 18 after disposals and Special Dividends		Announced NAV Sept 19		Pro Forma NAV Sep 19 after disposals and Special Dividends	
	NAV	NAV per share (pence)	NAV	NAV per share (pence)	NAV	NAV per share (pence)
<i>(£ millions)</i>						
TGI Fridays	124.6	325.6	141.4	369.2	141.4	369.2
Hotter Shoes	6.8	17.9	33.0	86.2	33	86.2
SPC	7.3	19.0	9.0	23.6	-	-
Sentinel	4.1	10.6	3.2	8.3	3.2	8.3
Other	6.9	18.0	5.8	15.2	4.2	11.0
Investment Portfolio	149.7	391.1	192.4	502.5	181.8	474.7
Cash & Cash Equivalents	31.6	83.5	17.9	46.6	17.9	46.6
Other Net Assets/ (Liabilities)	(0.6)	(1.6)	(0.3)	(0.7)	(0.3)	(0.7)
Net Asset Value	180.7	473.0	210.0	548.4	199.4	520.6

- Trading at both TGI and Hotter improved between last March and the September valuation:

<i>(£ millions)</i>	LTM maintainable EBITDA	
	Mar-19	Sep-19
TGI Fridays	24.8	26.9
Hotter Shoes	5.0	6.2

- Portfolio management teams significantly strengthened in each remaining portfolio company in 2019
- Business plans and resource are in place with management incentivised for optimised realisation by end 2021
- AGM proposal to align Electra executive incentivisation with strategy for realisation by end 2021, recognising earlier realisation if appropriate

Electra Private Equity PLC Update on Hotter Shoes

Ian Watson - Chief Executive Officer, Hotter Shoes
26 February 2020

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New Leadership team

Ian Watson
Chief Executive Officer

Ian came to Hotter in March 2019, with a comprehensive knowledge of consumer brands, global markets and private equity environments. Prior to joining Hotter, Ian was CEO of children's footwear brand Start-Rite, European Managing Director at Britax Childcare and Senior Vice President at Newell Brands.



Adam Griggs
Chief Financial Officer

Adam, who joined Hotter in August 2019 from restaurant chain Bistro Pierre, leads the company's finance and IT teams. He has experience in FTSE250 and PE backed companies and plays a key role in Hotter's commercial strategy and development across UK and international markets.



Claire Pearl
Chief Product Officer

Claire Pearl joined Hotter in September 2019 as Chief Product Officer taking direct control of the footwear brand's range, structure and development cycle. Claire joined the brand from Hobbs where she was Buying and Merchandising Director, with previous experience at Phase 8 and the White Company.



Victoria Betts
Chief Commercial Officer

Victoria joined in 2016 and is responsible for creating a seamless shopping experience for Hotter's customers across UK, Europe and US markets. Victoria works with the Hotter teams to build and enhance the brand's reputation in its niche 50 plus market. Victoria has over 19 years' experience at key brands, including Shop Direct and previously she was Marketing and Trading Director at Missguided.



Background to Hotter Shoes

hotter[®]

UK's biggest comfort brand

EST

1959

Over **4m** customers

£93m sales

1m email database

2.8m

units sold

shoes, accessories & shoe care

24 hour
manufacturing
capability

200
wholesale
customers
worldwide



We send approx
10 million
catalogues per year



72

retail
stores

140 seater
international call centre



15 million website users across all Hotter sites LY

4 websites with plans for more

75% mobile

128 long serving employees
with a combined years'
service of over **1,000**

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The challenge faced

		Period ended 27-Jan	Period ended 28-Jan
	LTM**	2019	2018
Sales (£m)	88.9	93	100.8
Operating profit (£m)	3.4	0.6	5
EBITDA £m	6.2	3.5	9.5
Return on Capital Employed (%)	5.9%	3.4%	5.9%

** Based on last twelve months unaudited management accounts as at September 2019

External and Internal Drivers

Dynamic changes in channels and distribution

- U.K. Retail decline
- Direct to consumer growth – one in five pounds spent alone
- Multiple seasons
- Changing consumer tastes – older becoming younger
- Create the correct structure
- Alignment of Brand & Product Portfolio around core comfort DNA
- Performance culture

Our transformation

A digital first OMNI channel business, that is obsessed with creating the best in class comfort footwear, backed by a Power brand that drives premium pricing. Underpinned with the best people, process and systems.

Strategic Direction

VISION & MISSION

Alignment & Refocus of Brand & Product Position

- ❑ Creation of clear and aligned product and brand strategy
- ❑ Identify and focus on core categories for growth.
- ❑ Reduce seasonal bias and accelerate faster routes to market.
- ❑ Value analysis & engineering

Drive best cost to serve

- ❑ Operational Efficiency & Automation
- ❑ Supply Chain Optimisation
- ❑ Returns Reduction – Rate & Processes
- ❑ Call Centre Efficiency
- ❑ Working Capital utilisation

Optimal routes to consumer

- ❑ Digitalisation
- ❑ Retail optimisation – cost
- ❑ International expansion, including Marketplaces and Partnerships.
- ❑ U.S. business profitability
- ❑ Consumer database management and maximization.

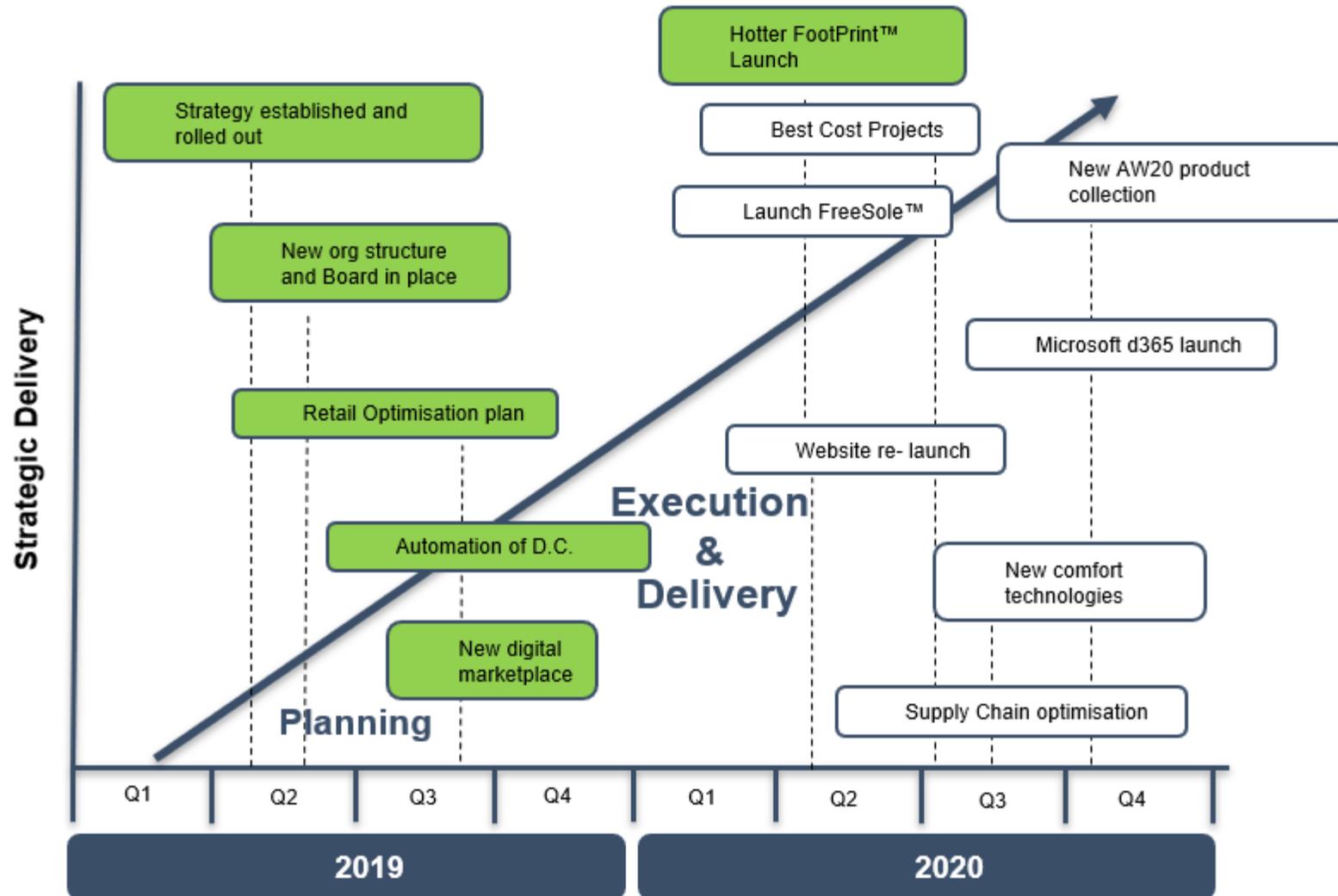
People, Process & Systems

- ❑ Upgrade IT infrastructure
- ❑ Organisational development
- ❑ Conclude ERP implementation
- ❑ Utilisation of AI to improve efficiency
- ❑ Companywide LEAN methodology

LEAN processes / adaptable systems / digital first / automated solutions

Dynamic, performant commercial team, focused on delivery of KPI's and strategic execution

Execution of strategy is progressing on time and underpins budget



Hotter FootPrint™



Summary

- ❑ **FY 2019/20 focused on creating the right strategy for Hotter, assembling and orientating the right team, and securing underlying EBIT improvement as well as cash management to stabilise the business**
- ❑ **FY2020/21 is a year of action, all linked to Strategic Initiatives. It's a busy year, albeit activities in H1 realise full benefit from H2, driven by focus on the product range**
- ❑ **Quarterly action plans in place and cascaded throughout the organisation**
- ❑ **Return the business to a level of earnings last seen in 2017, but with a more sustainable mix ready for the next phase of growth, facilitating an exit in 2021.**

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Update on TGI Fridays - The Next Chapter for the TGI Fridays brand in the UK

Robert Cook - Chief Executive Officer, TGI Fridays
26 February 2020

TGI FRIDAYS®


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The Research

Based on an in-depth consumer research project in the months preceding my arrival we appointed marketing agency Oystercatchers to understand the sentiment of:

- Existing guests
- Lapsed users
- Potential Future Target Audience

The output of the research can be framed under three pillars

- A required quality “injection” around food and drink
- A simplification of offer and service process
- Relevance - to today’s casual dining market and the general consumer

Addressing the 3 pillars

A trial of 5 stores is underway which will launch on 1 April to address Quality, Simplification and Relevance::

Quality

In food, a more premium driven raw material has been procured across all of our menu and in the five main categories; Steak, Burger, Ribs, Salad and Chicken putting provenance at the centre of our thinking.

In beverage new strategic alliances, with leading drinks brands, have been secured and negotiated with premium brands to build better quality cocktails.

Simplification

Having re-engineered the menu mechanics, we have looked at a food menu dish reduction and a simplification of plate content whilst being mindful of brand values and margin performance.

We have also simplified the service delivery process and ways of working at store level.

The cocktails and drinks range have been simplified with a focussed range and quality of execution using only premium spirits, mixers, glassware and garnish providing cocktails that have been chose for their popularity in the market place and from the insight we have gained from our research.

Addressing the 3 pillars

Relevance

- 1. Food that is bought with provenance in mind, with a buying British philosophy at the heart of our strategy.***
- 2. New menu items reflecting the consumers' desire for a far more healthy eating society/vegan/flexitarian surge, whilst dishes still being on brand and curated in line the research received.***
- 3. A cocktail list that features all of the top ten bestselling UK and global cocktails.***
- 4. Service delivery in keeping with consumer expectations – simple, “generous of spirit” and knowledgeable.***
- 5. An experiential element of live entertainment will be trialled to drive our After 8 volume potential given its years of decline.***

Excitement in the Brand

Having acknowledged the consumer research and delivered the project to senior store management as well as having visited 65+ stores, the message from our research has been welcomed with open arms by the business.

We feel there is a high level of excitement throughout the business around the new initiatives being tested and, based on a successful trial, these being rolled out brand wide.

Thank you.

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Formal business of AGM

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